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Executive Registry

8-2653

21 MAR 1956]

TO: Director of Central Intelligence

THROUGH: Chairman, CIA Career Council

SUBJECT: Incentive and Honor Awards

REFERENCES: (a) Public Law No. 763, Title III, Government Employees
Incentive Awards Act, effective 30 November 1954

1. Civil Service Commission Interpretation (Trans-
mittal Sheet No. 477)

(b) CIA Regulation No. [REDACTED] Incentive Awards Program

(c) CIA Regulation No. [REDACTED] Honor Awards

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Recommendations for the approval of the Director of Central Intelligence
are contained in paragraph 6, pages 9 and 10.

1. PROBLEM:

- a. What shall be the Agency policy in respect to cash awards for an
accepted improvement suggestion in line of work and otherwise,
sustained superior performance and a single instance of meritorious
conduct?
- b. What is the proper administrative mechanism for dealing with these
personal accomplishments?

2. ASSUMPTIONS:

- a. That the Agency deems it good personnel administration to consider
for award or distinction (1) all acceptable employee improvement
suggestions in the fields of economy, efficiency, working conditions,
morale, safety, and security; and separately therefrom, (2) all
instances of sustained superior and meritorious performance and
single instances of exceptional meritorious act or service and valor.
- b. That the Agency desires to conform to over-all Federal legislation
on this subject insofar as compatible with its intelligence mission.

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CLASS. CHANGED TO: TS 2011

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SUBJECT: Incentive and Honor Awards

3. FACTS:

a. Previous to 30 November 1954--and for a number of years prior thereto--incentive award programs existed within the Federal Government. There were various laws--with varied unequal, limited, and confused application. Cash awards were made for efficiency suggestions and in-grade step-increases were permissible. Under these laws also honor awards were authorized.

b. For purposes of this survey, the only important legislation in this field is the new Incentive Awards Act, effective 30 November 1954, which has replaced the previously existing authorities. (Public Law No. 763, Title III.)

(1) The heart of this law lies in the following:

- (a) "Section 304. (a) The head of each department is authorized to pay cash awards to, and to incur necessary expenses for the honorary recognition of, civilian officers and employees of the Government who by their suggestions, inventions, superior accomplishments, or other personal efforts contribute to the efficiency, economy, or other improvement of Government operations or who perform special acts or services in the public interest in connection with or related to their official employment."
- (b) The President has the same authority in addition to (a) above.
- (c) The Civil Service Commission has exercised its authority to set regulations and instructions for the carrying out of this program.
- (d) A department or Agency head may pay an award up to and including \$5,000. To pay from \$5,001.00 up to and including \$25,000, a department must have the Commission's approval upon certification of the department that the employee's contribution is "highly exceptional and unusually outstanding."
- (e) Termination of the authority to make in-grade step-increases for incentive awards or meritorious performance.
- (f) A department or Agency head may incur expenses for the creation of non-monetary awards such as medals, etc.

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SUBJECT: Incentive and Honor Awards

(2) Of particular importance is the following Civil Service interpretation of this legislation:

(a) Who is eligible: All civilian employees.

(b) Nature of contribution: Outside of or within job responsibilities.

(c) Modification:

1. If within job responsibilities, the contribution must be so superior or meritorious in exceeding normal job requirements as to warrant special consideration.

2. Even if the job requires the employee to produce superior results exceeding normal job requirements, the employee is still eligible if the performance is unique, or if the contribution can be used outside the immediate area of responsibility.

(3) The CIA General Counsel has advised that the Agency "...can carry out practically any reasonable policy including restriction of awards not involving monetary savings to honorary awards, but this should be expressed as policy and the regulation itself not to be restrictive or rigid in its application." (See Appendix I)

c. The Agency's implementation of the Incentive Awards Act is embodied in CIA Regulation No. [REDACTED] Incentive Awards Program.

(1) This Regulation, dated 21 April 1953, ante-dating the new law, authorizes the granting of the following types of award: cash up to \$1,000 for improvement suggestions, in-grade step-increases (up to three) for efficiency, in-grade step-increases (one only) for superior accomplishment and commendation to supplement cash or in place thereof in event of employee ineligibility.

(2) Agency Notice No. [REDACTED] dated 13 January 1955, authorizes the processing and conferring of incentive awards in accordance with the new Incentive Awards legislation.

(3) The Incentive Awards Program is administered via the mechanism of an Incentive Awards Committee and separately, an Incentive Awards Panel. The latter deals with all incentive award matters concerning the DD/P area and is supervised by the Chairman of

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SUBJECT: Incentive and Honor Awards

the Agency Incentive Awards Committee. The summary of actions taken under the Program since its inception is shown in Appendix II.

Members of these two bodies are appointed by the DCI as follows:

Incentive Awards Committee

Chairman, Chief, Management Staff
One member representing the Office of Personnel
" " " " Office of Communications
" " " " Office of Training
" " " " Office of Logistics
" " " " DD/I
" " " " DD/P

Incentive Awards Panel

Chairman, Chief of Administration, TSS
Two members representing the DD/P

- d. The Agency's program in respect to Honor Awards formerly derived its authority from the various laws referred to in paragraph 3a, but now comes within the purview of the new Incentive Awards Act. CIA Regulation No. [REDACTED] dated 13 April 1955, authorizes awards for acts requiring a high order of personal courage or for singularly important contributions to the national intelligence effort not involving the exercise of personal valor.

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- (1) Agency awards consist of medallions known as:

Distinguished Intelligence Cross
Distinguished Intelligence Medal
Intelligence Star
Intelligence Medal of Merit

- (2) In addition, the employee may be eligible for one of two National awards, the National Security Medal and the Medal of Freedom. Employees are also eligible, under this program, for awards from their cover organizations. Personnel detailed to CIA are eligible for awards from their parent organizations.

- (a) Summary of the Awards made under the Honor Awards Program since its inception is shown in Appendix III.

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Approved For Release 2001/03/04 : CIA-RDP80-01826R000700130009-6

~~CONFIDENTIAL~~

SUBJECT: Incentive and Honor Awards

- (3) The Honor Awards Program is administered by the CIA Honor Awards Board. Members of the Board are appointed by the DCI as follows:

One voting member and alternate representing the DD/I
" " " " " " " DD/P
" " " " " " " DD/S

Security Advisor representing the Office of Security
Personnel Advisor representing the Office of Personnel

The DCI appoints the Chairman from among the three members.

- e. Industrial and business policy under typical suggestion systems, as evidenced from the companies listed below, is almost uniformly as follows:

- (1) No superior performance award at all.
- (2) The senior executive is not eligible for an award for any improvement suggestion.
- (3) The supervisor at whatever echelon is eligible for an improvement award if the improvement suggested is outside of his immediate line of work.
- (4) One exception to the above is from a very large retailer who, via a special fund, pays substantial money on occasion for a significant and broad contribution in the field of a man's own work. However, the retailer is traditionally and particularly dependent on new ideas all of the time in order to keep his head above water. This comes about from the nature of the business, as well as because of a commonly low profit level.
- (5) The only other exception in this list is American Telephone & Telegraph Company, which makes one of three possible Honor Award medals for heroic service and for noteworthy public service with accompanying cash. As of August 1955, (in 35 years) the awards have been:

15 gold medals with \$1,000 each
139 silver medals with \$500 each
11402 bronze medals with \$100 each (the local co's may award bronze)

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SUBJECT: Incentive and Honor Awards

(6) Companies surveyed are as follows:

American Cyanamid Company
American Telephone & Telegraph Company
Ford Motor Company
General Mills, Inc.
General Motors Corporation
Illinois Central Railroad

John Hancock Life Insurance Company
Macy's New York
National Biscuit Company
Remington Rand, Inc.
Westinghouse Electric Corporation

4. DISCUSSION:

- a. Any substantial contribution could possibly call for one or more of the forms of award for which provision is made in the two referenced Agency regulations. The term used in [REDACTED] a "singularly important contribution to the national intelligence effort..." is broad enough to fall under the jurisdiction of either the Incentive Awards Committee, the Incentive Awards Panel or the Honor Awards Board - or all of them. To that end the day-to-day administration is now collaborative. However, the first two named groups have the cash but no medal and the Honor Awards Board has the medal but no cash. It is to be noted that the Honor Awards Program is designed to recognize outstanding contributions to any mission or activity conducted by CIA. Promotion, as an award is of course outside of the jurisdiction of either the Incentive Awards Committee or the Honor Awards Board. In-grade step-increases under these programs are no longer permissible. 25X1A
- (1) It is further to be noted that the Agency unit primarily responsible for surveys as to efficiency is given a most significant morale responsibility.
- (a) Recent transfer of the Chairmanship of the Incentive Awards Committee from the Director of Personnel to the Chief, Management Staff was predicated on the volume nature of the items arising under the Program, i.e., almost entirely improvement suggestions. Reconsideration is now properly in order.
- b. A contribution of any outside-of-the-employee's particular job responsibilities is clearly something different from within-his-job responsibilities. In the latter case, particularly the farther up the scale of salary compensation one goes, the more significant is the question of cash award. When considering within-job responsibilities, appropriateness of the different kinds of award - or no award - can well be a morale question depending on a number of factors. Importantly these

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CONFIDENTIAL

SUBJECT: Incentive and Honor Awards

factors are: nature of the contribution, grade of the individual, his age, his position, his job responsibilities, degree of supervision accorded, length of service in the Agency, his immediate career staff status and his fitness reports.

- c. The Civil Service Commission's interpretation of the federal law makes the DCI eligible for a cash award! This leeway suggests that this Agency can construct its own policy.
- d. Of the four Honor Awards within our own control, only one is within reach of the great body of Agency employees in the field of meritorious service or act. This is the Intelligence Medal of Merit, the fourth one listed below.
 - (1) Distinguished Intelligence Cross - for heroism.
 - (2) Distinguished Intelligence Medal - for outstanding services of distinctively exceptional nature as to constitute a "major contribution" to the missions of CIA.
 - (3) Intelligence Star - for heroism.
 - (4) Intelligence Medal of Merit - ". . . for meritorious service or act . . . above normal duties requiring initiative and extra effort which have contributed to the accomplishment of the missions of CIA.

It is suggested that there is room additionally for a lower level award in the field of meritorious service to permit recognition of superior performance that is not sufficiently significant to qualify for the Intelligence Medal of Merit. Thereby it would be possible to reach a larger number of employees.

- e. Viewing the whole body of employees it can generally be held that at the GS-11 level there begins the true executive group and the senior executive potential or resource. Correspondingly, below this level, and increasingly downward, there exists the great body of individuals whose advancement to executive level may be long delayed or never achieved. Here even a modest form of award - a merit certificate - and especially cash - is of greater significance and of a different appropriateness value.
- f. Inherently contained in meritorious award recognition of a senior grade employee (increasingly from GS-11) is the award to a supervisor who reflects the performance of the people who support him.

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SUBJECT: Incentive and Honor Awards

- g. One-time cash awards may well be entirely appropriate in the field of improvement suggestions dealing with efficiency, conditions of work and security, etc., and quite the opposite for meritorious conduct. With an improvement suggestion, most frequently, one can obtain an actual dollar saving; even when the benefit is intangible, a saving can often be seen.
- h. Depending on the nature and value of the contribution, a promotion, a commendation or a medal might be applied to any situation with the medal reserved for the most significant.
 - (1) A cash award for sustained superior or meritorious performance or for a single meritorious act or service, especially in the higher grades, waters down the attitude which is so important to promote in the Agency; namely, sense of mission, job-pride and dedication. To a degree, such pricing also vitiates "job-pride" and that kind of performance which comes only from the internal personal satisfaction of doing well and better than the other fellow.

This point is perhaps sharply made within the questions: "What are we being paid for in base salary?" "Is the intangible factor of mission, loyalty, devotion, and integrity properly compensable outside of position with its accompanying emoluments?"

- (2) Of interest is a seven-man "gallup poll" on cash versus U.S. medals. (See Appendix IV)

5. CONCLUSIONS:

- a. That feature of the present Incentive Awards Program involving sustained meritorious performance or a single meritorious act on the one hand, and the Honor Awards Program on the other are all within the same basic context. They should be dealt with together in policy and in administration.
- b. In the field of meritorious performance, a cash award within the upper grades is inappropriate in this Agency.
- c. In the field of improvement suggestions, a cash award within the upper grades is equally inappropriate but because of the sharp psychological differences in these two kinds of contributions greater flexibility may be used in case of improvement suggestions.

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SUBJECT: Incentive and Honor Awards

- d. The Agency needs another award to recognize frequently occurring superior performance.
- e. The commendation letter presently used in connection with suggestion awards should be continued as appropriate.

6. RECOMMENDATIONS:

It is recommended:

- a. That, in accordance with Public Law No. 763, the Agency create an Incentive Awards Program under the general jurisdiction of the Deputy Director (Support) composed of
 - (1) An honor awards element under the supervision of the Director of Personnel dealing with meritorious performance and valor; and
 - (2) A suggestion awards element under the supervision of the Chief, Management Staff dealing with improvement suggestions, i.e., efficiency, morale, safety, security, etc.
- b. That Regulations Nos. [REDACTED] be combined into one regulation embodying the above concept.
- c. That there be created a fifth award, for meritorious performance, to consist of a Certificate of Merit accompanied by a flat unvarying emolument of \$100.00.
- d. That the administration of the two elements of the Program be continued as at present by an Honor Awards Board and a Suggestion Awards Committee.
- e. That the Honor Awards Board be informally directed that no cash award shall be made to any employee in grades GS-11 and above for sustained superior meritorious performance or for a single meritorious act or service and that the Certificate of Merit be awarded only to employees in grades GS-10 and below.
- f. That the Suggestion Awards Committee be informally directed that no cash awards shall be given for improvement suggestions to employees in grades GS-15 and above, except upon approval by the DCI on a most exceptional basis.

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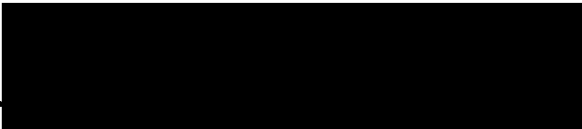
SUBJECT: Incentive and Honor Awards

- g. That no member of the Suggestion Awards Staff, the Records Management Staff, or the Organization and Methods Staff shall be eligible for an award for an improvement suggestion.

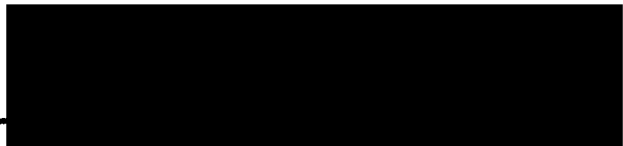
Task Force for Incentive Awards:

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Chairman, Incentive Awards Committee

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Chairman, Honor Awards Board

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Deputy Director of Personnel
for Planning and Development

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Appendixes:

- I. Memo to C/Mgmt Staff from
General Counsel dtd 21 Feb 56
"Incentive Awards" (with
attachment)
- II. Statistical Summary of Incentive
Awards
- III. Statistical Summary of Honor
Awards
- IV. Memo to Messrs.  and
 from Chairman/HAB dtd
17 Feb 56 "Cash vs Medals"

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SUBJECT: Incentive and Honor Awards

CONCURRENCE:

The CIA Career Council has reviewed this Staff Study and concurs in the recommendations.

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[REDACTED]

Date March 22, 1956

Lyman B. Kirkpatrick
Acting Chairman, CIA Career Council

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[REDACTED]

DDCI

31 March 56

The recommendations in paragraph 6 are approved:

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Date 31 March 56

Director of Central Intelligence

Acting

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11
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